

# IRS News Release

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## **Back-to-School Tax Breaks Help Teachers Pay Classroom Costs; Aid Parents, Students With College Tuition**

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WASHINGTON — With the new school year now under way, the Internal Revenue Service today reminded teachers, parents and students that saving receipts and keeping good records can help them take advantage of various education-related deductions and credits on their 2007 federal income tax return.

“The start of the school year is a good time to remind parents, students and teachers to save all receipts related to tax-advantaged education expenses,” said IRS Acting Commissioner Linda Stiff. “Good recordkeeping makes sense because it can help avoid missing a deduction or credit at tax time.”

Deductions reduce the income on which tax is figured. Credits reduce the [overall](#) tax. Though both can lower a person’s year-end tax bill or increase their refund, credits normally result in greater tax savings.

The educator expense deduction allows teachers and other educators to deduct the cost of books, supplies, equipment and software used in the classroom. Eligible educators include those who work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide in a public or private elementary or secondary school.

Worth up to \$250, the educator expense deduction is available, whether or not the educator itemizes their deductions on Schedule A. In tax-year 2005, teachers and educators deducted just over \$893 million of these out-of-pocket classroom expenses. Under current law, this deduction is scheduled to expire at the end of this year.

Three key tax breaks—the tuition and fees deduction, the Hope credit and the lifetime learning credit—help parents and students pay for the cost of post-secondary education. All three are available, regardless of whether an eligible taxpayer itemizes their deductions. Under current law, the tuition and fees deduction is scheduled to expire at the end of this year, but the two credits remain in effect. In tax-year 2005, taxpayers claimed tuition and fees deductions totaling nearly \$11 billion and education credits of almost \$6.2 billion.

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Normally, a taxpayer can claim tuition and required enrollment fees paid for their own and their dependent's college education. A taxpayer cannot take both an education credit and the tuition and fees deduction for the same student in the same year. Income limits and other special rules apply to each of these provisions. Education credits are claimed on Form 8863, and the tuition and fees deduction for 2007 will be claimed on new Form 8917.

IRS Publication 970, Tax Benefits for Education, can help eligible parents and students understand the special rules that apply and decide which tax break to claim. The publication also describes other education-related tax benefits, including qualified tuition programs (also known as 529 plans), the student loan interest deduction, Coverdell education savings accounts and the education savings bond program.

Publication 970 is posted on [IRS.gov](http://IRS.gov) or can be obtained, without charge, by calling the IRS toll-free at 1-800-TAX-FORM (829-3676).